T. Edward Slayton 21 December 2009

Ms. Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20511

Re: Proposed Changes to Closed-End Mortgage Rules (Docket No. R-1366)

Dear Ms. Johnson,

I appreciate the opportunity to comment on the proposed rule amending Regulation Z with respect to closed-end mortgages. I am a mortgage loan consultant working xxxxxxxx . I witnessed subprime mortgage melt down and I agree that additional consumer protections in the residential mortgage loan process are needed. I do have some concerns with the current proposals regarding loan originator compensation.

It is already current practice at some of the larger banking institutions to pay their loan officers at a level that does not compensate them for their hard work. The net result is that many of the more competent and higher producing loan officers, who believe they should be compensated for their hard work and product knowledge, have left those companies. Now you have many order takers, and not loan officers, at those institutions who do not have the best interest of the consumer at heart and merely try and get a loan for the consumer - - not the best loan for the consumer. This would be an unintended negative consequence of your proposed rule. This would also offer an unfair advantage to the big banks that offer a one size fits all model at their loan call centers. I loan to individuals and meet with all my clients, with rare exceptions.

I did not participate in the sub-prime mess and sincerely believe that many of the unscrupulous loan officers who did are now out of the lending business - - good for the consumer.

My employer is a small to mid-sized lending institution. Our customers sometimes present unique or complex circumstances that make processing their loan applications time consuming and difficult. I spend a great deal of time on these clients, my loan applications take twice as long as my competitors, to ensure that they get the extra attention they need and to make sure that the entire process goes smoothly for them. This level of attention is often not available at large national lending institutions that take a more "one size fits all" approach and focus solely on volume and production. It is not about volume and production - - it is about taking care of your client and keeping their best interest at heart.

In one instance I spent six months educating my client, helping him with budgeting, and generally counseling him in proper allocation of his resources so he could obtain a home loan. In another instance I helped my client obtain a refinance of his vehicle to lower his monthly payment - - his big bank would not do the vehicle loan for him at a reasonable interest rate. They wanted to charge him 19% and his credit score was over XX. I found a loan for him at a local credit union at 5.75%. In order to compensate me for the extra work that I put in on these loans, I sometimes need to charge the customer a higher fee or a higher rate and I believe that I, and all other loan officers, should be compensated for our hard work or for going the "extra mile" for their clients.

Often the borrower will prefer to pay a higher rate, either because they do not have additional funds to bring to closing or they are already at the maximum loan to value limit. I always thoroughly discuss the pros and cons of this with my clients to make sure they are aware of the long term ramifications. If total compensation is limited I will be unable to set a rate that will allow me to pay some of the borrowers closing cost. They would simply not be able to buy a home due to shortage of funds available for closing. This equals lower home sales and more people destined to rent and not realize the American dream of home ownership.

If your proposed rule prevents my and other employers, employer from paying adequate compensation for these difficult loans, loan officers will be less inclined to take on the more complex loan applications. Instead, they will focus primarily on the straight-forward, conventional or government loan applications that are less time consuming. The unfortunate consequence of this change in focus will be to make it even harder for many deserving consumers to obtain a mortgage loan, particularly those in underserved communities and/or small business owners. Small business owner loans are very complicated and I have to devote a lot of extra work to these loans, seems like I should be compensated for that.

The new SAFE Act requirements for loan originators, including extensive background checks and rigorous testing and continuing education requirements will significantly curb the past abuses that precipitated this proposal. I believe the Board should wait to allow the SAFE Act a chance to work before piling on additional and burdensome regulation on loan originators. The new Good Faith Estimate and Home Valuation Code of Conduct have done enough of that recently.

I believe the consumer would be better served by making a rule as follows:

> Lending Institutions will establish compensation limits for all loans by type. They will be published and all loan officers will be educated on these compensation limits. Lending institutions will track all revenue by loan officer to ensure these limits are not being exceeded. Loan officers who exceed these limits will be re-educated and if necessary more severs action would be taken.

Once again, thank you for the opportunity to comment on the proposed rule.

Very Respectfully

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